

Listing of the Claims:

The following is a complete listing of all the claims in the application, with an indication of the status of each:

1 1 (Currently Amended). A method for managing inventory using a computer
2 or computer system comprising the steps of:
3 converting an inventory problem to financial portfolio problem;
4 generating a set of possible inventory ~~estimates~~ investments;
5 computing a value of possible inventory investments with said
6 computer of computer system; and
7 selecting an inventory investment with a best value.

1 2 (Original). The method for managing inventory of claim 1, wherein the step
2 of converting the inventory problem into a financial portfolio problem
3 expresses the inventory problem as a combination of long and short positions
4 and put and call options on an asset.

1 3 (Original). The method for managing inventory of claim 2, wherein the
2 value of possible inventory investments is computed by the steps of:
3 decomposing cash flows associated with the inventory investment into
4 a combination of cash flows that can be represented by a portfolio comprised
5 of long and short positions in an underlying asset;
6 computing with a valuation methodology the value of each long and
7 short position in the portfolio;
8 summing values of each long and short position in the portfolio to
9 determine a value of the portfolio; and
10 setting the value of the inventory investment equal to the value of the
11 portfolio.

1 4 (Original). The method for managing inventory of claim 3, wherein the
2 valuation methodology comprises one or more of a cash flow analysis, an
3 option valuation analysis, a derivatives pricing analysis, variance reduction
4 procedures, and finite difference methods.

1 5 (Original). The method for managing inventory of claim 3, wherein a value
2 of an underlying asset of the portfolio is a demand for the inventory.

1 6 (Original). The method for managing inventory of claim 1, wherein
2 operations research techniques are used to compute an inventory investment
3 with a best value.

1 7 (Original). The method for managing inventory of claim 1, wherein an
2 inventory investment with a best value is a highest expected value.

1 8 (Original). The method for managing inventory of claim 1, wherein
2 inventory is selected using one of optimization, simulation, dynamic
3 programming, heuristics, rule-based systems, and a budget constraint.

1 9 (Original). The method for managing inventory of claim 1, wherein the step
2 of computing a value of possible inventory investments is based on one or
3 more of demand variability, risk free interest rate, current level of demand,
4 and historical level of demand.

1 10 (Original). A computer system for managing inventory comprising a
2 plurality of clients connected to a common server and a storage system
3 connected to the server, the storage system storing demand forecast, market
4 price for products, manufacturing or purchasing cost for products, holding and
5 backlogging cost for products, and inventory quantities for products, the server

6 receiving inputs from the clients and converting an inventory problem to a
7 financial portfolio problem, the server further generating a set of possible
8 inventory investments, computing a value of possible inventory investments,
9 and selecting an inventory investment with a best value.

1 11 (Original). The computer system for managing inventory of claim 10,
2 wherein the server converts the inventory problem into a financial portfolio
3 problem by expressing the inventory problem as a combination of long and
4 short positions and put and call options on an asset.

1 12 (Original). The computer system for managing inventory of claim 11,
2 wherein the server computes the value of possible inventory investments by
3 decomposing cash flows associated with the inventory investment into a
4 combination of cash flows that can be represented by a portfolio comprised of
5 long and short positions in an underlying asset, computing with a valuation
6 methodology the value of each long and short position in the portfolio,
7 summing values of each long and short position in the portfolio to determine a
8 value of the portfolio, and setting the value of the inventory investment equal
9 to the value of the portfolio.